

**AMENDMENT TO H.R. 2776, AS REPORTED
OFFERED BY MR. MCGOVERN OF
MASSACHUSETTS**

In subtitle B of title II (page 88, after line 7), insert
the following:

**1 SEC. 216. INCREASED UNIFORM DOLLAR LIMITATION FOR
2 ALL TYPES OF TRANSPORTATION FRINGE
3 BENEFITS.**

4 (a) IN GENERAL.—Section 132(f)(2) (relating to lim-
5 itation on exclusion) is amended—

6 (1) by striking “\$100” in subparagraph (A)
7 and inserting “\$200”, and

8 (2) by striking “\$175” in subparagraph (B)
9 and inserting “\$200”.

10 (b) FREEZE IN INFLATION ADJUSTMENT THROUGH
11 2011.—Subparagraph (A) of section 132(f)(6) (relating to
12 inflation adjustment) is amended—

13 (1) by striking the last sentence,

14 (2) by striking “1999” and inserting “2011”,
15 and

16 (3) by striking “1998” and inserting “2010”.

17 (c) PENALTY FOR EXCHANGE OF QUALIFIED TRANS-
18 PORTATION FRINGE FOR CASH OR OTHER PROPERTY.—

1 Section 132(f) is amended by adding at the end the fol-
2 lowing new paragraph:

3 “(8) ADDITIONAL TAX FOR QUALIFIED TRANS-
4 PORTATION FRINGE NOT USED BY EMPLOYEE FOR
5 TRANSPORTATION PURPOSES.—If an employee ex-
6 changes a qualified transportation fringe for cash or
7 property other than another qualified transportation
8 fringe for such employee, or otherwise uses a quali-
9 fied transportation fringe for a purpose other than
10 as a qualified transportation fringe for such em-
11 ployee—

12 “(A) gross income of such employee for the
13 taxable year in which such exchange or use oc-
14 curs shall include the amount of such qualified
15 transportation fringe, and

16 “(B) the tax imposed by this chapter for
17 any taxable year on such employee shall be in-
18 creased by 20 percent of the value of the quali-
19 fied transportation fringe so exchanged or
20 used.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2007.

1 **SEC. 217. CLARIFICATION OF FEDERAL EMPLOYEE BENE-**
2 **FITS.**

3 Section 7905 of title 5, United States Code, is
4 amended—

5 (1) in subsection (a)—

6 (A) in paragraph (2)(C) by inserting
7 “and” after the semicolon;

8 (B) in paragraph (3) by striking “; and”
9 and inserting a period; and

10 (C) by striking paragraph (4); and

11 (2) in subsection (b)(2)(A) by amending sub-
12 paragraph (A) to read as follows:

13 “(A) a qualified transportation fringe as
14 defined in section 132(f)(1) of the Internal Rev-
15 enue Code of 1986;”.